

**SENATE AMENDMENTS**  
**2<sup>nd</sup> Printing**

By: Bell of Montgomery, Rose, Capriglione, H.B. No. 3745  
Zerwas, Thompson of Brazoria, et al.

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the Texas emissions reduction plan fund and account.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 ARTICLE 1. TEXAS EMISSIONS REDUCTION PLAN FUND AND ACCOUNT

5 SECTION 1.01. Section 386.001, Health and Safety Code, is  
6 amended by adding Subdivision (1) and amending Subdivision (5) to  
7 read as follows:

8 (1) "Account" means the Texas emissions reduction plan  
9 account established under Section 386.251.

10 (5) "Fund" means the Texas emissions reduction plan  
11 fund established under Section 386.250.

12 SECTION 1.02. Section 386.057(c), Health and Safety Code,  
13 is amended to read as follows:

14 (c) For projects funded as part of the infrastructure  
15 program under Subchapter C, the report must:

16 (1) describe and evaluate:

17 (A) the infrastructure facilities funded under  
18 that subchapter;

19 (B) the degree to which the funded facilities are  
20 supporting on-road or non-road diesel projects;

21 (C) the amount of fuel or electricity dispensed  
22 for each facility; and

23 (D) associated emissions reductions and  
24 cost-effectiveness; and

(2) make a finding regarding the need for additional appropriations from the account [~~fund~~] to improve the ability of the program to achieve its goals.

SECTION 1.03. The heading to Subchapter F, Chapter 386, Health and Safety Code, is amended to read as follows:

SUBCHAPTER F. TEXAS EMISSIONS REDUCTION PLAN FUND AND ACCOUNT

SECTION 1.04. Subchapter F, Chapter 386, Health and Safety Code, is amended by adding Section 386.250 to read as follows:

Sec. 386.250. TEXAS EMISSIONS REDUCTION PLAN FUND. (a) The Texas emissions reduction plan fund is established as a trust fund outside the state treasury to be held by the comptroller and administered by the commission as trustee. Money in the fund may be spent without legislative appropriation and may be used only as provided by this chapter. Interest and other earnings on the balance of the fund shall be credited to the fund.

(b) The fund consists of:

(1) the amount of money deposited to the credit of the fund under:

(A) Section 386.056;

(B) Sections 151.0515 and 152.0215, Tax Code; and

(C) Sections 501.138, 502.358, and 548.5055, Transportation Code; and

(2) grant money recaptured under Section 386.111(d) and Chapter 391.

(c) Not later than the 30th day after the last day of each state fiscal biennium, the commission shall transfer the unencumbered balance of the fund remaining on the last day of the

1 state fiscal biennium to the credit of the Texas emissions  
2 reduction plan account.

3 SECTION 1.05. Section 386.251, Health and Safety Code, is  
4 amended to read as follows:

5 Sec. 386.251. TEXAS EMISSIONS REDUCTION PLAN ACCOUNT  
6 ~~[FUND]~~. (a) The Texas emissions reduction plan account ~~[fund]~~ is  
7 an account in the state treasury.

8 (b) The account ~~[fund]~~ is administered by the commission for  
9 the benefit of the plan established under this chapter. The account  
10 ~~[fund]~~ is exempt from the application of Section 403.095,  
11 Government Code. Interest earned on the account ~~[fund]~~ shall be  
12 credited to the account ~~[fund]~~.

13 (c) The account ~~[fund]~~ consists of its accumulated balance  
14 and ~~[+~~

15 ~~[(1)]~~ the amount of money transferred to the account  
16 under Section 386.250(c) ~~[deposited to the credit of the fund~~  
17 ~~under+]~~

18 ~~[(A) Section 386.056,~~

19 ~~[(B) Sections 151.0515 and 152.0215, Tax Code,~~

20 ~~and~~

21 ~~[(C) Sections 501.138, 502.358, and 548.5055,~~

22 ~~Transportation Code, and~~

23 ~~[(2) grant money recaptured under Section 386.111(d)~~  
24 ~~and Chapter 391].~~

25 SECTION 1.06. The heading to Section 386.252, Health and  
26 Safety Code, is amended to read as follows:

27 Sec. 386.252. USE OF FUND AND ACCOUNT.

SECTION 1.07. Sections 386.252(a), (b), (e), (f), (g), and (h), Health and Safety Code, are amended to read as follows:

(a) Money in the fund and account may be used only to implement and administer programs established under the plan. Subject to the reallocation of funds by the commission under Subsection (h), money from the fund and account [~~appropriated to the commission~~] to be used for the programs under Section 386.051(b) shall initially be allocated as follows:

(1) four percent may be used for the clean school bus program under Chapter 390;

(2) three percent may be used for the new technology implementation grant program under Chapter 391, from which at least \$1 million will be set aside for electricity storage projects related to renewable energy;

(3) five percent may be used for the clean fleet program under Chapter 392;

(4) not more than \$3 million may be used by the commission to fund a regional air monitoring program in commission Regions 3 and 4 to be implemented under the commission's oversight, including direction regarding the type, number, location, and operation of, and data validation practices for, monitors funded by the program through a regional nonprofit entity located in North Texas having representation from counties, municipalities, higher education institutions, and private sector interests across the area;

(5) 10 percent may be used for the Texas natural gas vehicle grant program under Chapter 394;



1           (6) not more than \$6 million may be used for the Texas  
2 alternative fueling facilities program under Chapter 393, of which  
3 a specified amount may be used for fueling stations to provide  
4 natural gas fuel, except that money may not be allocated for the  
5 Texas alternative fueling facilities program for the state fiscal  
6 year ending August 31, 2019;

7           (7) not more than \$750,000 may be used each year to  
8 support research related to air quality as provided by Chapter 387;

9           (8) not more than \$200,000 may be used for a health  
10 effects study;

11           (9) at least \$6 million but not more than \$8 million  
12 may be used by [~~is allocated to~~] the commission for administrative  
13 costs, including all direct and indirect costs for administering  
14 the plan, costs for conducting outreach and education activities,  
15 and costs attributable to the review or approval of applications  
16 for marketable emissions reduction credits;

17           (10) six percent may be used by the commission for the  
18 seaport and rail yard areas emissions reduction program established  
19 under Subchapter D-1;

20           (11) five percent may be used for the light-duty motor  
21 vehicle purchase or lease incentive program established under  
22 Subchapter D;

23           (12) not more than \$216,000 may be used by [~~is~~  
24 ~~allocated to~~] the commission to contract with the Energy Systems  
25 Laboratory at the Texas A&M Engineering Experiment Station annually  
26 for the development and annual computation of creditable statewide  
27 emissions reductions obtained through wind and other renewable

energy resources for the state implementation plan;

(13) not more than \$500,000 may be used for studies of or pilot programs for incentives for port authorities located in nonattainment areas or affected counties to encourage cargo movement that reduces emissions of nitrogen oxides and particulate matter; and

(14) the balance is to be used by the commission for the diesel emissions reduction incentive program under Subchapter C as determined by the commission.

(b) Money in the fund and account may be used by the commission for programs under Sections 386.051(b)(13), (b)(14), and (b-1) ~~[as may be appropriated for those programs]~~.

(e) Money in the fund and account may be used ~~[allocated]~~ for administrative costs incurred by the Energy Systems Laboratory at the Texas A&M Engineering Experiment Station ~~[as may be appropriated by the legislature]~~.

(f) Not ~~[To the extent that money is appropriated from the fund for that purpose, not]~~ more than \$2.5 million from the fund and account may be used by the commission to conduct research and other activities associated with making any necessary demonstrations to the United States Environmental Protection Agency to account for the impact of foreign emissions or an exceptional event.

(g) The ~~[To the extent that money is appropriated from the fund for that purpose, the]~~ commission may use ~~[that]~~ money from the fund and account to award grants under the governmental alternative fuel fleet grant program established under Chapter 395, except that the commission may not use for that purpose more than three percent

1 of the balance of the fund as of September 1 of each state fiscal  
2 year of the biennium for the governmental alternative fuel fleet  
3 grant program in that fiscal year.

4 (h) Subject to the limitations outlined in this section [~~and~~  
5 ~~any additional limitations placed on the use of the appropriated~~  
6 ~~funds~~], money allocated under this section to a particular program  
7 may be used for another program under the plan as determined by the  
8 commission, based on demand for grants for eligible projects under  
9 particular programs after the commission solicits projects to which  
10 to award grants according to the initial allocation provisions of  
11 this section.

12 SECTION 1.08. Section 395.011, Health and Safety Code, is  
13 amended to read as follows:

14 Sec. 395.011. FUNDING. The legislature may appropriate  
15 money to the commission from the Texas emissions reduction plan  
16 account [~~fund~~] established under Section 386.251 to administer the  
17 program.

18 SECTION 1.09. The amendments to Section 386.251, Health and  
19 Safety Code, made by this article do not affect the balance of the  
20 Texas Emissions Reduction Plan Account No. 5071 remaining on  
21 September 1, 2019.

## 22 ARTICLE 2. FUNDING SOURCES

23 SECTION 2.01. Section 151.0515(d), Tax Code, is amended to  
24 read as follows:

25 (d) This section expires on the last day of the state fiscal  
26 biennium during which the Texas Commission on Environmental Quality  
27 publishes in the Texas Register the notice required by Section

1 382.037, Health and Safety Code [~~August 31, 2019~~].

2 SECTION 2.02. Section 152.0215(c), Tax Code, is amended to  
3 read as follows:

4 (c) This section expires on the last day of the state fiscal  
5 biennium during which the Texas Commission on Environmental Quality  
6 publishes in the Texas Register the notice required by Section  
7 382.037, Health and Safety Code [~~August 31, 2019~~].

8 SECTION 2.03. Section 501.138(b-3), Transportation Code,  
9 is amended to read as follows:

10 (b-3) This subsection and Subsection (b-2) expire on the  
11 last day of the state fiscal biennium during which the Texas  
12 Commission on Environmental Quality publishes in the Texas Register  
13 the notice required by Section 382.037, Health and Safety Code  
14 [~~August 31, 2019~~].

15 SECTION 2.04. Section 502.358(c), Transportation Code, is  
16 amended to read as follows:

17 (c) This section expires on the last day of the state fiscal  
18 biennium during which the Texas Commission on Environmental Quality  
19 publishes in the Texas Register the notice required by Section  
20 382.037, Health and Safety Code [~~August 31, 2019~~].

21 SECTION 2.05. The heading to Section 548.5055,  
22 Transportation Code, is amended to read as follows:

23 Sec. 548.5055. TEXAS EMISSIONS [~~EMISSION~~] REDUCTION PLAN  
24 FEE.

25 SECTION 2.06. Sections 548.5055(b) and (c), Transportation  
26 Code, are amended to read as follows:

27 (b) The department shall remit fees collected under this

1 section to the comptroller at the time and in the manner prescribed  
2 by the comptroller for deposit in the Texas emissions [~~emission~~]  
3 reduction plan fund.

4 (c) This section expires on the last day of the state fiscal  
5 biennium during which the conservation commission publishes in the  
6 Texas Register the notice required by Section 382.037, Health and  
7 Safety Code [~~August 31, 2019~~].

8 SECTION 2.07. Sections 8(a-2) and (b), Chapter 755 (S.B.  
9 1731), Acts of the 85th Legislature, Regular Session, 2017, are  
10 repealed.

11 SECTION 2.08. This article takes effect August 30, 2019.

12 ARTICLE 3. EFFECTIVE DATE

13 SECTION 3.01. Except as otherwise provided by this Act,  
14 this Act takes effect September 1, 2019.

ADOPTED

VV

MAY 22 2019

*Helen Spaw*  
Secretary of the Senate

By: *Sim Sundell*

H.B. No. 3745

Substitute the following for \_\_\_\_ B. No. \_\_\_\_:

By: *Sim Sundell*

C.S. \_\_\_\_ B. No. \_\_\_\_

A BILL TO BE ENTITLED

AN ACT

relating to the Texas emissions reduction plan fund and account.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. TEXAS EMISSIONS REDUCTION PLAN FUND AND ACCOUNT

SECTION 1.01. Section 386.001, Health and Safety Code, is amended by adding Subdivision (1) and amending Subdivision (5) to read as follows:

(1) "Account" means the Texas emissions reduction plan account established under Section 386.251.

(5) "Fund" means the Texas emissions reduction plan fund established under Section 386.250.

SECTION 1.02. Section 386.057(c), Health and Safety Code, is amended to read as follows:

(c) For projects funded as part of the infrastructure program under Subchapter C, the report must:

(1) describe and evaluate:

(A) the infrastructure facilities funded under that subchapter;

(B) the degree to which the funded facilities are supporting on-road or non-road diesel projects;

(C) the amount of fuel or electricity dispensed for each facility; and

(D) associated emissions reductions and cost-effectiveness; and

1           (2) make a finding regarding the need for additional  
2 appropriations from the account [~~fund~~] to improve the ability of  
3 the program to achieve its goals.

4           SECTION 1.03. The heading to Subchapter F, Chapter 386,  
5 Health and Safety Code, is amended to read as follows:

6           SUBCHAPTER F. TEXAS EMISSIONS REDUCTION PLAN FUND AND ACCOUNT

7           SECTION 1.04. Subchapter F, Chapter 386, Health and Safety  
8 Code, is amended by adding Section 386.250 to read as follows:

9           Sec. 386.250. TEXAS EMISSIONS REDUCTION PLAN FUND. (a) The  
10 Texas emissions reduction plan fund is established as a trust fund  
11 outside the state treasury to be held by the comptroller and  
12 administered by the commission as trustee. Money in the fund may be  
13 spent without legislative appropriation and may be used only as  
14 provided by this chapter. Interest and other earnings on the  
15 balance of the fund shall be credited to the fund.

16           (b) The fund consists of:

17                 (1) the amount of money deposited to the credit of the  
18 fund under:

19                         (A) Section 386.056;

20                         (B) Sections 151.0515 and 152.0215, Tax Code; and

21                         (C) Sections 501.138, 502.358, and 548.5055,  
22 Transportation Code; and

23                 (2) grant money recaptured under Section 386.111(d)  
24 and Chapter 391.

25           (c) Not later than the 30th day after the last day of each  
26 state fiscal biennium, the commission shall transfer the  
27 unencumbered balance of the fund remaining on the last day of the

1 state fiscal biennium to the credit of the Texas emissions  
2 reduction plan account.

3 SECTION 1.05. Section 386.251, Health and Safety Code, is  
4 amended to read as follows:

5 Sec. 386.251. TEXAS EMISSIONS REDUCTION PLAN ACCOUNT  
6 ~~[FUND]~~. (a) The Texas emissions reduction plan account ~~[fund]~~ is  
7 an account in the state treasury.

8 (b) The account ~~[fund]~~ is administered by the commission for  
9 the benefit of the plan established under this chapter. The account  
10 ~~[fund]~~ is exempt from the application of Section 403.095,  
11 Government Code. Interest earned on the account ~~[fund]~~ shall be  
12 credited to the account ~~[fund]~~.

13 (c) The account ~~[fund]~~ consists of its accumulated balance  
14 and [+

15 ~~[(1)]~~ the amount of money transferred to the account  
16 under Section 386.250(c) ~~[deposited to the credit of the fund~~  
17 ~~under+]~~

18 ~~[(A) Section 386.056,~~

19 ~~[(B) Sections 151.0515 and 152.0215, Tax Code,~~

20 ~~and~~

21 ~~[(C) Sections 501.138, 502.358, and 548.5055,~~

22 ~~Transportation Code, and~~

23 ~~[(2) grant money recaptured under Section 386.111(d)~~

24 ~~and Chapter 391].~~

25 SECTION 1.06. The heading to Section 386.252, Health and  
26 Safety Code, is amended to read as follows:

27 Sec. 386.252. USE OF FUND AND ACCOUNT.



1           SECTION 1.07. Sections 386.252(a), (b), (e), (f), (g), and  
2 (h), Health and Safety Code, are amended to read as follows:

3           (a) Money in the fund and account may be used only to  
4 implement and administer programs established under the  
5 plan. Subject to the reallocation of funds by the commission under  
6 Subsection (h), money from the fund and account [~~appropriated to~~  
7 ~~the commission~~] to be used for the programs under Section  
8 386.051(b) shall initially be allocated as follows:

9           (1) four percent may be used for the clean school bus  
10 program under Chapter 390;

11           (2) three percent may be used for the new technology  
12 implementation grant program under Chapter 391, from which at least  
13 \$1 million will be set aside for electricity storage projects  
14 related to renewable energy;

15           (3) five percent may be used for the clean fleet  
16 program under Chapter 392;

17           (4) not more than \$3 million may be used by the  
18 commission to fund a regional air monitoring program in commission  
19 Regions 3 and 4 to be implemented under the commission's oversight,  
20 including direction regarding the type, number, location, and  
21 operation of, and data validation practices for, monitors funded by  
22 the program through a regional nonprofit entity located in North  
23 Texas having representation from counties, municipalities, higher  
24 education institutions, and private sector interests across the  
25 area;

26           (5) 10 percent may be used for the Texas natural gas  
27 vehicle grant program under Chapter 394;

1           (6) not more than \$6 million may be used for the Texas  
2 alternative fueling facilities program under Chapter 393, of which  
3 a specified amount may be used for fueling stations to provide  
4 natural gas fuel, except that money may not be allocated for the  
5 Texas alternative fueling facilities program for the state fiscal  
6 year ending August 31, 2019;

7           (7) not more than \$750,000 may be used each year to  
8 support research related to air quality as provided by Chapter 387;

9           (8) not more than \$200,000 may be used for a health  
10 effects study;

11           (9) at least \$6 million but not more than \$16 [~~\$8~~]  
12 million may be used by [~~is allocated to~~] the commission for  
13 administrative costs, including all direct and indirect costs for  
14 administering the plan, costs for conducting outreach and education  
15 activities, and costs attributable to the review or approval of  
16 applications for marketable emissions reduction credits;

17           (10) six percent may be used by the commission for the  
18 seaport and rail yard areas emissions reduction program established  
19 under Subchapter D-1;

20           (11) five percent may be used for the light-duty motor  
21 vehicle purchase or lease incentive program established under  
22 Subchapter D;

23           (12) not more than \$216,000 may be used by [~~is~~  
24 ~~allocated to~~] the commission to contract with the Energy Systems  
25 Laboratory at the Texas A&M Engineering Experiment Station annually  
26 for the development and annual computation of creditable statewide  
27 emissions reductions obtained through wind and other renewable

1 energy resources for the state implementation plan;

2 (13) not more than \$500,000 may be used for studies of  
3 or pilot programs for incentives for port authorities located in  
4 nonattainment areas or affected counties to encourage cargo  
5 movement that reduces emissions of nitrogen oxides and particulate  
6 matter; and

7 (14) the balance is to be used by the commission for  
8 the diesel emissions reduction incentive program under Subchapter C  
9 as determined by the commission.

10 (b) Money in the fund and account may be used by the  
11 commission for programs under Sections 386.051(b)(13), (b)(14),  
12 and (b-1) [~~as may be appropriated for those programs~~].

13 (e) Money in the fund and account may be used [~~allocated~~]  
14 for administrative costs incurred by the Energy Systems Laboratory  
15 at the Texas A&M Engineering Experiment Station [~~as may be~~  
16 ~~appropriated by the legislature~~].

17 (f) Not [~~To the extent that money is appropriated from the~~  
18 ~~fund for that purpose, not~~] more than \$2.5 million from the fund and  
19 account may be used by the commission to conduct research and other  
20 activities associated with making any necessary demonstrations to  
21 the United States Environmental Protection Agency to account for  
22 the impact of foreign emissions or an exceptional event.

23 (g) The [~~To the extent that money is appropriated from the~~  
24 ~~fund for that purpose, the~~] commission may use [~~that~~] money from the  
25 fund and account to award grants under the governmental alternative  
26 fuel fleet grant program established under Chapter 395, except that  
27 the commission may not use for that purpose more than three percent

1 of the balance of the fund as of September 1 of each state fiscal  
2 year of the biennium for the governmental alternative fuel fleet  
3 grant program in that fiscal year.

4 (h) Subject to the limitations outlined in this section [~~and~~  
5 ~~any additional limitations placed on the use of the appropriated~~  
6 ~~funds~~], money allocated under this section to a particular program  
7 may be used for another program under the plan as determined by the  
8 commission, based on demand for grants for eligible projects under  
9 particular programs after the commission solicits projects to which  
10 to award grants according to the initial allocation provisions of  
11 this section.

12 SECTION 1.08. Section 395.011, Health and Safety Code, is  
13 amended to read as follows:

14 Sec. 395.011. FUNDING. The legislature may appropriate  
15 money to the commission from the Texas emissions reduction plan  
16 account [~~fund~~] established under Section 386.251 to administer the  
17 program.

18 SECTION 1.09. The amendments to Section 386.251, Health and  
19 Safety Code, made by this article do not affect the balance of the  
20 Texas Emissions Reduction Plan Account No. 5071 remaining on  
21 September 1, 2019.

## 22 ARTICLE 2. FUNDING SOURCES

23 SECTION 2.01. Section 151.0515(d), Tax Code, is amended to  
24 read as follows:

25 (d) This section expires on the last day of the state fiscal  
26 biennium during which the Texas Commission on Environmental Quality  
27 publishes in the Texas Register the notice required by Section

1 382.037, Health and Safety Code [~~August 31, 2019~~].

2 SECTION 2.02. Section 152.0215(c), Tax Code, is amended to  
3 read as follows:

4 (c) This section expires on the last day of the state fiscal  
5 biennium during which the Texas Commission on Environmental Quality  
6 publishes in the Texas Register the notice required by Section  
7 382.037, Health and Safety Code [~~August 31, 2019~~].

8 SECTION 2.03. Section 501.138(b-3), Transportation Code,  
9 is amended to read as follows:

10 (b-3) This subsection and Subsection (b-2) expire on the  
11 last day of the state fiscal biennium during which the Texas  
12 Commission on Environmental Quality publishes in the Texas Register  
13 the notice required by Section 382.037, Health and Safety Code  
14 [~~August 31, 2019~~].

15 SECTION 2.04. Section 502.358(c), Transportation Code, is  
16 amended to read as follows:

17 (c) This section expires on the last day of the state fiscal  
18 biennium during which the Texas Commission on Environmental Quality  
19 publishes in the Texas Register the notice required by Section  
20 382.037, Health and Safety Code [~~August 31, 2019~~].

21 SECTION 2.05. The heading to Section 548.5055,  
22 Transportation Code, is amended to read as follows:

23 Sec. 548.5055. TEXAS EMISSIONS [~~EMISSION~~] REDUCTION PLAN  
24 FEE.

25 SECTION 2.06. Sections 548.5055(b) and (c), Transportation  
26 Code, are amended to read as follows:

27 (b) The department shall remit fees collected under this

1 section to the comptroller at the time and in the manner prescribed  
2 by the comptroller for deposit in the Texas emissions [~~emission~~]  
3 reduction plan fund.

4 (c) This section expires on the last day of the state fiscal  
5 biennium during which the conservation commission publishes in the  
6 Texas Register the notice required by Section 382.037, Health and  
7 Safety Code [~~August 31, 2019~~].

8 SECTION 2.07. Sections 8(a-2) and (b), Chapter 755 (S.B.  
9 1731), Acts of the 85th Legislature, Regular Session, 2017, are  
10 repealed.

11 SECTION 2.08. This article takes effect August 30, 2019.

12 ARTICLE 3. EFFECTIVE DATE

13 SECTION 3.01. Except as otherwise provided by this Act,  
14 this Act takes effect September 1, 2019.

ADOPTED

WV

MAY 22 2019

*Letitia Grant*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Burdwell*

1 Amend C.S.H.B. No. 3745 (senate committee printing) by  
2 striking all below the enacting clause and substituting the  
3 following:

4 SECTION 1. Section 151.0515(d), Tax Code, is amended to  
5 read as follows:

6 (d) This section expires August 31, 2021 [~~2019~~].

7 SECTION 2. Section 152.0215(c), Tax Code, is amended to  
8 read as follows:

9 (c) This section expires August 31, 2021 [~~2019~~].

10 SECTION 3. Section 501.138(b-3), Transportation Code, is  
11 amended to read as follows:

12 (b-3) This subsection and Subsection (b-2) expire August  
13 31, 2021 [~~2019~~].

14 SECTION 4. Section 502.358(c), Transportation Code, is  
15 amended to read as follows:

16 (c) This section expires August 31, 2021 [~~2019~~].

17 SECTION 5. The heading to Section 548.5055, Transportation  
18 Code, is amended to read as follows:

19 Sec. 548.5055. TEXAS EMISSIONS [~~EMISSION~~] REDUCTION PLAN  
20 FEE.

21 SECTION 6. Sections 548.5055(b) and (c), Transportation  
22 Code, are amended to read as follows:

23 (b) The department shall remit fees collected under this  
24 section to the comptroller at the time and in the manner prescribed  
25 by the comptroller for deposit in the Texas emissions [~~emission~~]  
26 reduction plan fund.

27 (c) This section expires August 31, 2021 [~~2019~~].

28 SECTION 7. Sections 8(a-2) and (b), Chapter 755 (S.B.  
29 1731), Acts of the 85th Legislature, Regular Session, 2017, are

1 repealed.

2 SECTION 8. This Act takes effect August 30, 2019.



LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 23, 2019

**TO:** Honorable Dennis Bonnen, Speaker of the House, House of Representatives

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB3745** by Bell, Cecil (Relating to the Texas emissions reduction plan fund and account.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3745, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2021; however, there would be an increase of \$537,821,000 in General Revenue-Dedicated Texas Emissions Reduction Plan No. 5071 through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> 6	Probable Revenue Gain/(Loss) from <i>Texas Emissions Reduction Plan</i> 5071
2020	(\$150,826,000)	\$265,295,000
2021	(\$152,334,000)	\$272,526,000
2022	\$0	\$0
2023	\$0	\$0
2024	\$0	\$0

## **Fiscal Analysis**

The bill would extend the sources of funding for the Texas Emissions Reduction Plan (TERP Fund), which are set to expire on August 31, 2019 under current law. The bill would amend the Tax Code to extend fee and surcharge revenues deposited to the credit of General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 (TERP Fund) until August 31, 2021.

The bill would amend the Transportation Code to continue the deposit to the credit of the TERP Fund from the State Highway Fund until August 31, 2021 in an amount equal to the amount deposited to the credit of the Texas Mobility Fund from Vehicle Title Fees.

The bill would take effect August 30, 2019.

## **Methodology**

Amounts reflected in the table above are based on revenue estimates provided by the Comptroller of Public Accounts for TERP Fund fees and surcharges and on Vehicle Title Fee revenue amounts deposited to the credit of the Texas Mobility Fund as reported in the Comptroller of Public Accounts Biennial Revenue Estimate.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated. The bill would require local and other governmental entities to continue paying the TERP fees relating to heavy-duty motor vehicle sales and use fees when purchasing or leasing heavy-duty vehicles and equipment.

**Source Agencies:** 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 601 Department of Transportation

**LBB Staff:** WP, SZ, MW, GDz, PM, TG, LCO

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 17, 2019

**TO:** Honorable Brian Birdwell, Chair, Senate Committee on Natural Resources & Economic Development

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** HB3745 by Bell, Cecil (Relating to the Texas emissions reduction plan fund and account.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3745, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> 6	Probable Revenue Gain/(Loss) from <i>New Trust Fund Outside the Treasury</i>
2020	(\$150,826,000)	\$265,295,000
2021	(\$152,334,000)	\$272,526,000
2022	(\$153,858,000)	\$277,656,000
2023	(\$155,396,000)	\$282,908,000
2024	(\$156,950,000)	\$288,287,000

## **Fiscal Analysis**

The bill would amend the Health and Safety Code to establish the Texas Emissions Reduction Plan Fund (TERP Fund) as a trust fund to be held by the Comptroller outside of the treasury and administered by the Texas Commission on Environmental Quality (TCEQ) as a trustee. This fund would consist of revenues from fees and surcharges currently deposited to the credit of General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071. The bill would amend the Tax and Transportation Codes to extend these fees and surcharges for each active or revoked ozone National Ambient Air Quality Standard (NAAQS) until all areas in Texas have been designated by the Environmental Protection Agency as either in attainment or unclassifiable or the EPA has approved a redesignation substitute making a finding of attainment. This includes continuance of the transfer of State Highway Funds previously deposited to the credit of the General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 which, under the provisions of the bill, would now be deposited to the credit of the new TERP Fund in an amount equal to the amount deposited to the credit of the Texas Mobility Fund from Vehicle Title Fees.

The bill would designate the existing General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 as the Texas Emissions Reduction Plan Account (TERP Account). Under the provisions of the bill, the TERP Account would consist of its accumulated balance and amounts that would be transferred from the new TERP Fund. The bill would authorize monies in the TERP Fund to be expended without legislative appropriation and would direct TCEQ to transfer any remaining unencumbered balances to the TERP Account no later than the 30th day after the last day of the state fiscal biennium. The bill would increase the administrative allocation funded from both the TERP Account and the TERP Fund from \$8 to \$16 million each year.

## **Methodology**

This estimate is based on revenue estimates provided by the Comptroller of Public Accounts for TERP Fund fees and surcharges and on Vehicle Title Fee revenue amounts deposited to the credit of the Texas Mobility Fund as reported in the Biennial Revenue Estimate. These amounts would be deposited to the credit of the new TERP Fund established under the provisions of the bill.

For the purposes of this analysis, it is assumed that the specified allocations under Section 386.252 of the Health and Safety Code would apply separately to the TERP Fund and TERP Account including the increase in the administrative allotment from \$8.0 to \$16.0 million each year. Based on this assumption and information provided by TCEQ, this analysis assumes that duties and responsibilities associated with implementing the provisions of the bill could be accomplished with existing resources and funds made available for this purpose in the newly established TERP Fund outside the Treasury. In addition, no fiscal impact to state revenues is anticipated from this provision in fiscal year 2020 because no unexpended balances would be deposited to the credit of the TERP Account under the provisions of the bill. Amounts that would be deposited to the TERP Account in each subsequent biennium cannot be determined because the amount of unencumbered remaining balances in the TERP Fund cannot be estimated.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated. The bill would require local and other governmental entities to continue paying the TERP fees relating to heavy-duty motor vehicle sales and use fees when purchasing or leasing heavy-duty vehicles and equipment.

**Source Agencies:** 304 Comptroller of Public Accounts, 582 Commission on Environmental

Quality

**LBB Staff:** WP, SZ, MW, GDz, PM

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 10, 2019

TO: Honorable Brian Birdwell, Chair, Senate Committee on Natural Resources & Economic Development

FROM: John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

IN RE: HB3745 by Bell, Cecil (Relating to the Texas emissions reduction plan fund and account.), As Engrossed

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3745, As Engrossed: an impact of \$0 through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from State Highway Fund 6	Probable Revenue Gain/(Loss) from New Trust Fund Outside the Treasury
2020	(\$150,826,000)	\$265,295,000
2021	(\$152,334,000)	\$272,526,000
2022	(\$153,858,000)	\$277,656,000
2023	(\$155,396,000)	\$282,908,000
2024	(\$156,950,000)	\$288,287,000

## **Fiscal Analysis**

The bill would amend the Health and Safety Code to establish the Texas Emissions Reduction Plan Fund (TERP Fund) as a trust fund to be held by the Comptroller outside of the treasury and administered by the Texas Commission on Environmental Quality (TCEQ) as a trustee. This fund would consist of revenues from fees and surcharges currently deposited to the credit of General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071. The bill would amend the Tax and Transportation Codes to extend these fees and surcharges for each active or revoked ozone National Ambient Air Quality Standard (NAAQS) until all areas in Texas have been designated by the Environmental Protection Agency as either in attainment or unclassifiable or the EPA has approved a redesignation substitute making a finding of attainment. This includes continuance of the transfer of State Highway Funds previously deposited to the credit of the General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 which, under the provisions of the bill, would now be deposited to the credit of the new TERP Fund in an amount equal to the amount deposited to the credit of the Texas Mobility Fund from Vehicle Title Fees.

The bill would designate the existing General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 as the Texas Emissions Reduction Plan Account (TERP Account). Under the provisions of the bill, the TERP Account would consist of its accumulated balance and amounts that would be transferred from the new TERP Fund. The bill would authorize monies in the TERP Fund to be expended without legislative appropriation and would direct TCEQ to transfer any remaining unencumbered balances to the TERP Account no later than the 30th day after the last day of the state fiscal biennium.

## **Methodology**

This estimate is based on revenue estimates provided by the Comptroller of Public Accounts for TERP Fund fees and surcharges and on Vehicle Title Fee revenue amounts deposited to the credit of the Texas Mobility Fund as reported in the Biennial Revenue Estimate. These amounts would be deposited to the credit of the new TERP Fund established under the provisions of the bill.

For the purposes of this analysis, it is assumed that the specified allocations under Section 386.252 of the Health and Safety Code would apply separately to the TERP Fund and TERP Account. Based on this assumption and information provided by TCEQ, this analysis assumes that duties and responsibilities associated with implementing the provisions of the bill could be accomplished with existing resources and funds made available for this purpose in the newly established TERP Fund outside the Treasury. In addition, no fiscal impact to state revenues is anticipated from this provision in fiscal year 2020 because no unexpended balances would be deposited to the credit of the TERP Account under the provisions of the bill. Amounts that would be deposited to the TERP Account in each subsequent biennium cannot be determined because the amount of unencumbered remaining balances in the TERP Fund cannot be estimated.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated. The bill would require local and other governmental entities to continue paying the TERP fees relating to heavy-duty motor vehicle sales and use fees when purchasing or leasing heavy-duty vehicles and equipment.

**Source Agencies:** 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

**LBB Staff:** WP, SZ, MW, GDz, PM



LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 2019

TO: Honorable J. M. Lozano, Chair, House Committee on Environmental Regulation

FROM: John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

IN RE: **HB3745** by Bell, Cecil (Relating to the Texas emissions reduction plan fund and account.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3745, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> 6	Probable Revenue Gain/(Loss) from <i>New Trust Fund Outside the Treasury</i>
2020	(\$150,826,000)	\$265,295,000
2021	(\$152,334,000)	\$272,526,000
2022	(\$153,858,000)	\$277,656,000
2023	(\$155,396,000)	\$282,908,000
2024	(\$156,950,000)	\$288,287,000

## **Fiscal Analysis**

The bill would amend the Health and Safety Code to establish the Texas Emissions Reduction Plan Fund (TERP Fund) as a trust fund to be held by the Comptroller outside of the treasury and administered by the Texas Commission on Environmental Quality (TCEQ) as a trustee. This fund would consist of revenues from fees and surcharges currently deposited to the credit of General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071. The bill would amend the Tax and Transportation Codes to extend these fees and surcharges for each active or revoked ozone National Ambient Air Quality Standard (NAAQS) until all areas in Texas have been designated by the Environmental Protection Agency as either in attainment or unclassifiable or the EPA has approved a redesignation substitute making a finding of attainment. This includes continuance of the transfer of State Highway Funds previously deposited to the credit of the General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 which, under the provisions of the bill, would now be deposited to the credit of the new TERP Fund in an amount equal to the amount deposited to the credit of the Texas Mobility Fund from Vehicle Title Fees.

The bill would designate the existing General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 as the Texas Emissions Reduction Plan Account (TERP Account). Under the provisions of the bill, the TERP Account would consist of its accumulated balance and amounts that would be transferred from the new TERP Fund. The bill would authorize monies in the TERP Fund to be expended without legislative appropriation and would direct TCEQ to transfer any remaining unencumbered balances to the TERP Account no later than the 30th day after the last day of the state fiscal biennium.

## **Methodology**

This estimate is based on revenue estimates provided by the Comptroller of Public Accounts for TERP Fund fees and surcharges and on Vehicle Title Fee revenue amounts deposited to the credit of the Texas Mobility Fund as reported in the Biennial Revenue Estimate. These amounts would be deposited to the credit of the new TERP Fund established under the provisions of the bill.

For the purposes of this analysis, it is assumed that the specified allocations under Section 386.252 of the Health and Safety Code would apply separately to the TERP Fund and TERP Account. Based on this assumption and information provided by TCEQ, this analysis assumes that duties and responsibilities associated with implementing the provisions of the bill could be accomplished with existing resources and funds made available for this purpose in the newly established TERP Fund outside the Treasury. In addition, no fiscal impact to state revenues is anticipated from this provision in fiscal year 2020 because no unexpended balances would be deposited to the credit of the TERP Account under the provisions of the bill. Amounts that would be deposited to the TERP Account in each subsequent biennium cannot be determined because the amount of unencumbered remaining balances in the TERP Fund cannot be estimated.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated. The bill would require local and other governmental entities to continue paying the TERP fees relating to heavy-duty motor vehicle sales and use fees when purchasing or leasing heavy-duty vehicles and equipment.

**Source Agencies:** 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

**LBB Staff:** WP, SZ, MW, GDz, PM

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 9, 2019**

**TO:** Honorable J. M. Lozano, Chair, House Committee on Environmental Regulation

**FROM:** John McGeady, Assistant Director     Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB3745** by Bell, Cecil (Relating to the Texas emissions reduction plan fund and account.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend the Health and Safety Code to establish the Texas Emissions Reduction Plan Fund (TERP Fund) as a trust fund to be held by the Comptroller and administered by the Texas Commission on Environmental Quality (TCEQ). This fund would consist of revenues from fees and surcharges currently deposited to the credit of General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071.

The bill would designate the existing General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 as the Texas Emissions Reduction Plan Account (TERP Account). Under the provisions of the bill, the TERP Account would consist of its accumulated balance and amounts that would be transferred from the new TERP Fund.

The bill would authorize monies in the TERP Fund to be expended without legislative appropriation and would direct TCEQ to transfer any remaining unencumbered balances to the TERP Account no later than the 30th day after the last day of the state fiscal biennium.

For informational purposes, the following reflects estimated transfers to the TERP Fund outside the treasury each fiscal year should revenue sources be continued, and are based on revenue estimates included in the Comptroller of Public Accounts Biennial Revenue Estimate. These include \$265,295,000 in fiscal year 2020; \$272,526,000 in fiscal year 2021; \$277,656,000 in fiscal year 2022; \$282,908,000 in fiscal year 2023; and \$288,287,000 in fiscal year 2024.

For the purposes of this analysis, it is assumed that the specified allocations under Section 386.252 of the Health and Safety Code would apply separately to the TERP Fund and TERP Account. Based this assumption and information provided by TCEQ, this analysis assumes that duties and responsibilities associated with implementing the provisions of the bill could be accomplished with existing resources and funds made available for this purpose in the newly established TERP Fund outside the Treasury. In addition, no fiscal impact to state revenues is anticipated in fiscal year 2020 because no unexpended balances would be deposited to the credit of the TERP Account under the provisions of the bill. Amounts that would be deposited to the TERP Account in each subsequent biennium cannot be determined because the amount of unencumbered remaining balances in the TERP Fund cannot be estimated.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The bill would take effect September 1, 2019.

#### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

**LBB Staff:** WP, SZ, MW, GDz, PM